

**First Regular Session
Sixty-sixth General Assembly
STATE OF COLORADO**

PREAMENDED

*This Unofficial Version Includes Committee
Amendments Not Yet Adopted on Second Reading*

LLS NO. 07-0240.01 Karen Epps

HOUSE BILL 07-1228

HOUSE SPONSORSHIP

Gardner C.,

SENATE SPONSORSHIP

Shaffer,

House Committees

Transportation & Energy
Appropriations

Senate Committees

A BILL FOR AN ACT

101 **CONCERNING RENEWABLE ENERGY, AND, IN CONNECTION THEREWITH,**
102 **REQUIRING COLORADO STATE UNIVERSITY TO CONDUCT A**
103 **STUDY OF WATER-LIMITED AGROECOSYSTEMS AND BIOENERGY**
104 **CROPS, REQUIRING COLORADO STATE UNIVERSITY TO**
105 **ESTABLISH A BIOENERGY RESEARCH PROGRAM, REQUIRING THE**
106 **PETROLEUM STORAGE TANK COMMITTEE TO ESTABLISH**
107 **POLICIES REGARDING ABOVEGROUND STORAGE OF RENEWABLE**
108 **FUELS.**

Bill Summary

(Note: This summary applies to this bill as introduced and does not necessarily reflect any amendments that may be subsequently adopted.)

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.
Capital letters indicate new material to be added to existing statute.
Dashes through the words indicate deletions from existing statute.

Requires the executive director of the department of personnel, beginning January 1, 2008, to purchase flexible fuel vehicles unless the cost of such a vehicle is more than 10% over the cost of a comparable nonflexible fuel vehicle.

Requires the agricultural experiment station at Colorado state university to conduct a study of water-limited agroecosystems and bioenergy crops. Requires the agricultural experiment station to provide the final report on such study to legislative leadership and specified legislative committees.

Requires the agricultural experiment station at Colorado state university to establish a bioenergy research program to study the unique requirements of growing crops for use as energy sources.

Requires the petroleum storage tank committee to establish procedures, practices, and policies governing the regulation of the placement of aboveground storage tanks that contain renewable fuels, with the purpose of developing a uniform statewide standard of issuing permits for aboveground storage tanks to promote the use of renewable fuels to make the process of obtaining a permit for an aboveground storage tank that contains renewable fuels more efficient and affordable.

Requires the public utilities commission to establish a Btu renewable energy credit program to allow customers who use renewable energy to calculate the Btu production and convert that production to a credit. Customers may transfer the credit to a qualifying retail utility.

Eliminates the excise tax on gasoline made from at least eighty-five percent alternative fuel.

1 *Be it enacted by the General Assembly of the State of Colorado:*

2 **SECTION 1.** 24-30-1104 (2) (c) (II), Colorado Revised Statutes,
3 is amended to read:

4 **24-30-1104. Central services functions of the department -**
5 **repeal.** (2) In addition to the county-specific functions set forth in
6 subsection (1) of this section, the department of personnel shall take such
7 steps as are necessary to fully implement a central state motor vehicle
8 fleet system by January 1, 1993. The provisions of the motor vehicle fleet
9 system created pursuant to this subsection (2) shall apply to the executive
10 branch of the state of Colorado, its departments, its institutions, and its

1 agencies; except that the governing board of each institution of higher
2 education, by formal action of the board, and the Colorado commission
3 on higher education, by formal action of the commission, may elect to be
4 exempt from the provisions of this subsection (2) and may obtain a motor
5 vehicle fleet system independent of the state motor vehicle fleet system.
6 Under the direction of the executive director, the department of personnel
7 shall perform the following functions pertaining to the motor vehicle fleet
8 system throughout the state:

9 (c) (II) By ~~July 1, 2010~~ JANUARY 1, 2008, the executive director
10 shall adopt a policy ~~that at least ten percent of all state-owned bi-fueled~~
11 ~~vehicles should be fueled exclusively with an alternative fuel TO~~
12 ~~SIGNIFICANTLY INCREASE THE UTILIZATION OF ALTERNATIVE FUELS AND~~
13 ~~THAT ESTABLISHES INCREASING UTILIZATION OBJECTIVES FOR EACH~~
14 ~~FOLLOWING YEAR.~~ To encourage compliance with this policy, ~~for one or~~
15 ~~more state fiscal years commencing before July 1, 2010;~~ the rules
16 promulgated pursuant to this paragraph (c) may establish progressively
17 more stringent percentage mileposts and shall, for fiscal years
18 commencing after July 1, 2004, require the collection of data concerning
19 the annual percentage of state-owned bi-fueled vehicles that were fueled
20 exclusively with an alternative fuel. BEGINNING JANUARY 1, 2008, THE
21 EXECUTIVE DIRECTOR SHALL PURCHASE FLEXIBLE FUEL VEHICLES, SUBJECT
22 TO AVAILABILITY, UNLESS THE INCREASED COST OF SUCH VEHICLE IS MORE
23 THAN TEN PERCENT OVER THE COST OF A COMPARABLE NONFLEXIBLE FUEL
24 VEHICLE. THE EXECUTIVE DIRECTOR SHALL ADOPT A POLICY TO ALLOW
25 SOME VEHICLES TO BE EXEMPTED FROM THIS REQUIREMENT.

26 **SECTION 2.** Article 33 of title 23, Colorado Revised Statutes, is
27 amended BY THE ADDITION OF THE FOLLOWING NEW

1 SECTIONS to read:

2 **23-33-124. Study of water limited agroecosystems and**
3 **bioenergy crops.** (1) THE AGRICULTURAL EXPERIMENT STATION AT
4 COLORADO STATE UNIVERSITY, ALSO REFERRED TO IN THIS SECTION AS
5 THE "STATION", SHALL CONDUCT AN INDEPENDENT AND OBJECTIVE STUDY
6 FOR THE PURPOSE OF STUDYING WATER LIMITED AGROECOSYSTEMS AND
7 BIOENERGY CROPS.

8 (2) UPON COMPLETION OF THE STUDY, THE STATION SHALL SUBMIT
9 A REPORT CONTAINING THE CONCLUSIONS OF THE STUDY TO THE
10 PRESIDENT OF THE SENATE, THE MAJORITY LEADER OF THE SENATE, THE
11 MINORITY LEADER OF THE SENATE, THE SPEAKER OF THE HOUSE OF
12 REPRESENTATIVES, THE MAJORITY LEADER OF THE HOUSE OF
13 REPRESENTATIVES, THE MINORITY LEADER OF THE HOUSE OF
14 REPRESENTATIVES, AND TO THE CHAIRS OF THE AGRICULTURE, NATURAL
15 RESOURCES, AND ENERGY COMMITTEE OF THE SENATE AND THE
16 AGRICULTURE, LIVESTOCK, AND NATURAL RESOURCES COMMITTEE OF THE
17 HOUSE OF REPRESENTATIVES OR THEIR SUCCESSOR COMMITTEES.

18 (3) IF THE FUNDING NECESSARY TO COMPLY WITH SUBSECTIONS (1)
19 AND (2) OF THIS SECTION IS NOT APPROPRIATED TO THE COLORADO STATE
20 UNIVERSITY, THE STATION SHALL NOT BE REQUIRED TO COMPLY WITH
21 SUBSECTIONS (1) AND (2) OF THIS SECTION UNTIL SUCH FUNDING IS
22 RESTORED.

23 **23-33-125. Bioenergy research program.** (1) THE
24 AGRICULTURAL EXPERIMENT STATION AT COLORADO STATE UNIVERSITY
25 SHALL ESTABLISH A BIOENERGY RESEARCH PROGRAM TO STUDY THE
26 UNIQUE REQUIREMENTS OF GROWING CROPS FOR USE AS ENERGY SOURCES.

27 (2) IF THE FUNDING NECESSARY TO COMPLY WITH SUBSECTION (1)

1 OF THIS SECTION IS NOT APPROPRIATED TO THE COLORADO STATE
2 UNIVERSITY, THE AGRICULTURAL EXPERIMENT STATION SHALL NOT BE
3 REQUIRED TO COMPLY WITH SUBSECTION (1) OF THIS SECTION UNTIL SUCH
4 FUNDING IS RESTORED.

5 **SECTION 3.** 8-20-201 (1), (1.1), and (1.2), Colorado Revised
6 Statutes, are amended, and the said 8-20-201 is further amended BY THE
7 ADDITION OF THE FOLLOWING NEW SUBSECTIONS, to read:

8 **8-20-201. Definitions.** As used in this part 2, unless the context
9 otherwise requires:

10 (1) ~~"Antiknock index" or "AKI" means the arithmetic average of~~
11 ~~the research octane number (RON) and motor octane number (MON):~~
12 ~~AKI = (RON+MON)/2. This value is called by a variety of names in~~
13 ~~addition to antiknock index including: Octane rating, posted octane, and~~
14 ~~(R+M)/2 octane~~ "ALTERNATIVE FUEL" MEANS A MOTOR FUEL THAT
15 COMBINES PETROLEUM-BASED FUEL PRODUCTS WITH RENEWABLE FUELS.

16 (1.1) ~~"ASTM" means ASTM international, formerly known as the~~
17 ~~American society for testing and materials. "ANTIKNOCK INDEX" OR~~
18 ~~"AKI" MEANS THE ARITHMETIC AVERAGE OF THE RESEARCH OCTANE~~
19 ~~NUMBER (RON) AND MOTOR OCTANE NUMBER (MON): AKI =~~
20 ~~(RON+MON)/2. THIS VALUE IS CALLED BY A VARIETY OF NAMES IN~~
21 ~~ADDITION TO ANTIKNOCK INDEX INCLUDING: OCTANE RATING, POSTED~~
22 ~~OCTANE, AND (R+M)/2 OCTANE.~~

23 (1.2) ~~"British thermal unit" or "BTU" means a scientific unit of~~
24 ~~measurement equal to the quantity of heat required to raise the~~
25 ~~temperature of one pound of water one degree Fahrenheit at~~
26 ~~approximately sixty degrees Fahrenheit. "ASTM" MEANS ASTM~~
27 ~~INTERNATIONAL, FORMERLY KNOWN AS THE AMERICAN SOCIETY FOR~~

1 TESTING AND MATERIALS.

2 (1.3) "BRITISH THERMAL UNIT" OR "BTU" MEANS A SCIENTIFIC
3 UNIT OF MEASUREMENT EQUAL TO THE QUANTITY OF HEAT REQUIRED TO
4 RAISE THE TEMPERATURE OF ONE POUND OF WATER ONE DEGREE
5 FAHRENHEIT AT APPROXIMATELY SIXTY DEGREES FAHRENHEIT.

6 (8.5) "RENEWABLE FUEL" MEANS A MOTOR VEHICLE FUEL THAT IS
7 PRODUCED FROM PLANT OR ANIMAL PRODUCTS OR WASTES, AS OPPOSED
8 TO FOSSIL FUEL SOURCES.

9 SECTION 4. 8-20.5-101, Colorado Revised Statutes, is amended
10 BY THE ADDITION OF THE FOLLOWING NEW SUBSECTIONS to
11 read:

12 8-20.5-101. Definitions. As used in this article, unless the context
13 otherwise requires:

14 (2.5) "ALTERNATIVE FUEL" MEANS A MOTOR FUEL THAT COMBINES
15 PETROLEUM-BASED FUEL PRODUCTS WITH RENEWABLE FUELS.

16 (14.5) "RENEWABLE FUEL" MEANS A MOTOR VEHICLE FUEL THAT
17 IS PRODUCED FROM PLANT OR ANIMAL PRODUCTS OR WASTES, AS OPPOSED
18 TO FOSSIL FUEL SOURCES.

19 SECTION 5. 8-20.5-101 (13), Colorado Revised Statutes, is
20 amended to read:

21 8-20.5-101. Definitions. As used in this article, unless the context
22 otherwise requires:

23 (13) "Regulated substance" means:

24 (a) Any substance defined in section 101 (14) of the federal
25 "Comprehensive Environmental Response, Compensation, and Liability
26 Act of 1980", as amended, but not including any substance regulated as
27 a hazardous waste under subtitle (C) of the federal "Resource

1 Conservation and Recovery Act of 1976", as amended; ~~or~~

2 (b) Petroleum, including crude oil, and crude oil or any fraction
3 thereof that is liquid at standard conditions of temperature and pressure
4 (60 degrees Fahrenheit and 14.7 pounds per square inch absolute);

5 (c) ALTERNATIVE FUEL; OR

6 (d) RENEWABLE FUEL.

7 **SECTION 6.** 8-20.5-202, Colorado Revised Statutes, is amended
8 BY THE ADDITION OF A NEW SUBSECTION to read:

9 **8-20.5-202. Duties of the director of the division of oil and**
10 **public safety.** (1.5) WITHIN ONE HUNDRED TWENTY DAYS AFTER
11 JANUARY 1, 2008, THE DIRECTOR OF THE DIVISION OF OIL AND PUBLIC
12 SAFETY SHALL PROMULGATE, AND THE DIVISION SHALL ENFORCE, RULES
13 CONCERNING THE PLACEMENT OF UNDERGROUND STORAGE TANKS THAT
14 CONTAIN RENEWABLE FUELS. SUCH RULES SHALL BE PROMULGATED WITH
15 THE PURPOSE OF DEVELOPING A UNIFORM STATEWIDE STANDARD OF
16 ISSUING PERMITS FOR UNDERGROUND STORAGE TANKS TO PROMOTE THE
17 USE OF RENEWABLE FUELS SO THAT THE PROCESS OF OBTAINING A PERMIT
18 FOR AN UNDERGROUND STORAGE TANK THAT CONTAINS RENEWABLE
19 FUELS MAY BE MORE EFFICIENT AND AFFORDABLE.

20 **SECTION 7.** 8-20.5-302, Colorado Revised Statutes, is amended
21 BY THE ADDITION OF A NEW SUBSECTION to read:

22 **8-20.5-302. Duties of the director of the division of oil and**
23 **public safety.** (3) WITHIN ONE HUNDRED TWENTY DAYS AFTER JANUARY
24 1, 2008, THE DIRECTOR OF THE DIVISION OF OIL AND PUBLIC SAFETY SHALL
25 PROMULGATE, AND THE DIVISION SHALL ENFORCE, RULES CONCERNING
26 THE PLACEMENT OF ABOVEGROUND STORAGE TANKS THAT CONTAIN
27 RENEWABLE FUELS. SUCH RULES SHALL BE PROMULGATED WITH THE

1 PURPOSE OF DEVELOPING A UNIFORM STATEWIDE STANDARD OF ISSUING
2 PERMITS FOR ABOVEGROUND STORAGE TANKS TO PROMOTE THE USE OF
3 RENEWABLE FUELS SO THAT THE PROCESS OF OBTAINING A PERMIT FOR AN
4 ABOVEGROUND STORAGE TANK THAT CONTAINS RENEWABLE FUELS MAY
5 BE MORE EFFICIENT AND AFFORDABLE.

6 **SECTION 8.** Article 2 of title 40, Colorado Revised Statutes, is
7 amended BY THE ADDITION OF A NEW SECTION to read:

8 **40-2-109.5. Incentives for distributed generation - definition.**

9 (1) THE COMMISSION SHALL DEVELOP A POLICY TO ESTABLISH INCENTIVES
10 FOR CONSUMERS WHO PRODUCE DISTRIBUTED GENERATION, INCLUDING,
11 BUT NOT LIMITED TO SMALL WIND TURBINES, THERMAL BIOMASS,
12 ELECTRIC BIOMASS, AND SOLAR THERMAL ENERGY. THE COMMISSION
13 SHALL CONSIDER WHETHER A CREDIT PROGRAM SIMILAR TO THE
14 RENEWABLE ENERGY STANDARD SET FORTH IN SECTION 40-2-124 WOULD
15 WORK FOR CONSUMERS WHO PRODUCE DISTRIBUTED GENERATION. THE
16 COMMISSION SHALL PRESENT THE POLICY AND FINDINGS REGARDING A
17 CREDIT PROGRAM TO THE HOUSE OF REPRESENTATIVES TRANSPORTATION
18 AND ENERGY COMMITTEE AND THE SENATE AGRICULTURE, NATURAL
19 RESOURCES, AND ENERGY COMMITTEE, OR THEIR SUCCESSOR COMMITTEES.

20 (2) AS USED IN THIS SECTION, "DISTRIBUTED GENERATION" MEANS
21 A SYSTEM BY WHICH A CONSUMER GENERATES HEAT OR ELECTRICITY
22 USING RENEWABLE ENERGY RESOURCES FOR HIS OR HER OWN NEEDS AND
23 MAY ALSO SEND SURPLUS ELECTRICAL POWER BACK INTO THE POWER
24 GRID.

25 [REDACTED] 1, 2008.

26 **SECTION 9. Safety clause.** The general assembly hereby finds,

- 1 determines, and declares that this act is necessary for the immediate
- 2 preservation of the public peace, health, and safety.